Chapter 3
Stakeholders in the Active Economy

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ABSTRACT

This chapter builds upon previous discussions conceptualizing the active economy by focusing on one of its key features: the stakeholders. In particular, the authors seek to answer three fundamental questions regarding how to conceptualise active economies including: (1) What stakeholders comprise an active economy? (2) How can we identify stakeholders within an active economy? (3) How do these stakeholders interact in order to produce systems of value? In response to these questions, they provide an overview of the stakeholder saliency literature and discuss how it may be possible to conceptualize stakeholders within the active economy by outlining a topology and a conceptual framework for the identification and classification of stakeholders. Finally, they illustrate how this conceptual framework can be used to identify stakeholders within global, national, and regional active economies and through a case study of Strava Inc.

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STAKEHOLDERS IN THE ACTIVE ECONOMY

This chapter continues to build upon previous discussions conceptualizing the active economy (cf. Finch et al., 2019) by focusing more specifically on one of the key features of the active economy – the stakeholders. In particular, we seek to answer central questions regarding the active economy, namely what stakeholders comprise an active economy? How can we identify stakeholders within an active economy? How do these stakeholders interact in order to produce systems of value? In other words, '*who or what really counts*' as an active economy stakeholder and '*who should we pay attention*?' (Freeman, 1994). To this end, this chapter aims (i) to identify key stakeholders within the active economy, (ii) to discuss the roles and responsibilities of stakeholders within the active economy; and (iii) to explore the relationships and dynamics between stakeholders within the active economy.

These questions at first glance seem simple enough, however, any attempt to delineate what stakeholders comprise an active economy and how they interact is both challenging and problematic for several reasons. First, there are specific conceptual issues regarding the term stakeholder. Not only is the term commonly used, but it is frequently confused, and often conflated. The stakeholder concept emerged in the 1960s at the Stanford Research Institute (SRI), now SRI International Inc. during their corporate planning process (Freeman, 1984). It arose, in part due to a broader recognition that managers needed to move beyond traditional 'shareholder models' (i.e., individuals that have direct ownership) towards a more encompassing understanding of corporate governance (Freeman, 1984).

Since then, a number of definitions have appeared in the general management literature (e.g., Clarkson, 1994, Donaldson & Preston, 1995, Hill & Jones, 1992). The term stakeholder is used to refer to those who have a 'stake' in a particular organization or firm. This most closely aligns with organizational management and business ethics understanding of the term. However, Mitchell et al. (1997) argue that an expansive view of this nature "leaves the notion of stake and the field of possible stakeholders unambiguously open to include virtually anyone" (p. 856).

Second, quite what is meant or understood by stakeholder depends on what unit of analysis - namely the major entity that is being investigated is chosen and it may vary depending on whether you look at international, national, regional or local contexts. If the active economy is multi-disciplinary it is perhaps unsurprising that it likely involves a multiplicity of stakeholders operating within and across multiple levels of jurisdiction. This issue is further complicated by the fact that different active economies operate under different governing arrangements, legal restrictions, and governmental systems or regimens (e.g., federated or non-federated) which will ultimately define the scope and influence stakeholder involvement.

Third, in assuming that the above conceptual issues are resolvable, it is also important to recognize the additional challenges and issues of delineating the stakeholders within an active economy. What constitutes a stakeholder within an active economy is largely dependent upon how you chose to define an active economy and the scope of the boundaries that are placed around it. Our definition of an active economy is consistent Finch et al. (2019) who delineate an active economy as "all organizations who participate in, or contribute to, improving individual or community wellbeing through the development and delivery of sport and active recreation experiences" (Finch et al., 2019, p. 13). Active economies are ecosystems that are constantly evolving and changing. There are always stakeholders entering and exiting the economy and the boundaries of the active economy are blurred and porous. It is for this reason that we view the active economy and the many stakeholders that comprise them as 'open-systems' (Scott & Davies, 2015). More specifically, the complex interrelationships among stakeholders in the active economy are relatively open to the influences of the environment that surrounds them (Chelladurai, 2005). Furthermore, no active economy is the same. We suggest, therefore, that the identification of stakeholders within the active economy is both temporal and context dependent.

Fourth, and in turning to more specific practical and observational issues in identifying stakeholders within the active economy, it is also important to recognize the sheer size and complexity the active economy which can span vast geographical regions and is comprised of hundreds if not thousands of individuals and/or organizations across multiple sectors makes it difficult (if not impossible) to identify, at least with any particular degree of certainty, all the stakeholders.

Fifth, stakeholders do not operate in isolation. They are part of and exist within a complex eco-system involving interaction and interdependencies. Therefore, even if it is possible to identify all stakeholders within an active economy, it is important to understand both structural elements (i.e., what stakeholders exist) and the processual arrangements (i.e., the interaction and dynamics) that exist between them. After all, it is these interactions and relations that ultimately combined to create systems of value.

In short, the above discussion serves to highlight the extent of the challenge faced when attempting to answer the seemingly simple questions. To overcome some of these conceptual and practical issues, this chapter draws upon and is underpinned by elements of stakeholder theory, inter-organizational theory and resource-dependency theory. More specifically, the discussion below primarily draws upon stakeholder theory (Freeman, 1984) as a useful approach to examining groups and individuals (i.e., stakeholders) that affect or can potentially be affected by an organizational entity (Friedman et al., 2004). Friedman, Parent and Mason argue that sport managers are operating within continually changing organizational environments as they work toward short-term and long-term organizational goals. At any given time, decision-makers may have several issues that must be addressed in order to satisfy the demands of their organization's constituents.

These researchers laid the initial groundwork for identifying the potential opportunities of applying stakeholder theory to sport-related issues. Accordingly, aspects of stakeholder theory have been applied to various contexts within the sport management field, sport leadership (i.e., Kihl, Leberman, & Schull, 2010; Parent, Olver, & Séguin, 2009; Peachey, Zhou, Damon & Burton, 2015), sport tourism (i.e., Anderson & Getz, 2008; Kim, Jun, Walker, & Drane, 2015; Ntloko & Swart, 2008) and sport event management (i.e., Kristiansen, Strittmatter & Skirstad, 2016; Leopkey & Parent, 2009a; Parent & Deephouse, 2007; Toohey, 2008).

In particular, Mitchell et al's (1997) *Theory of Stakeholder Salience* is utilized as a conceptual framework to identify and begin to discuss the various stakeholders that collectively constitute an active economy. More specifically, we build upon this framework to propose potential criteria for the evaluation of stakeholders within the active economy based on stakeholder salience attributes of power, urgency and legitimacy.

As will become apparent from our discussion, despite being theoretically informed, our focus and interest with this chapter is pragmatic in that we seek to apply what are often competing and contradictory perspectives to be able to articulate what constitutes an active economy. Furthermore, it is worth explicitly stating from the outset that our intention here is not to empirically identify and classify all possible stakeholders within an active economy – although we believe this may be possible at a later point in time. Nor is it our intention to be overly prescriptive with regards to identifying precisely which stakeholders should or should not comprise an active economy for the reasons cited above. Any attempt to do so, although laudable, we suggest would inevitably be futile. This chapter does, however, seek to provide a conceptual framework by which it might be possible to at least identify the key stakeholders that constitute an active economy regardless of location or context.

The chapter is divided into three sections: The first section discusses how it may be possible to identify and conceptualize stakeholders. Here we outline the stakeholder theory approach in general and the Mitchell et al's (1997) conceptual framework specifically. We then discuss how it may be possible to conceptualize stakeholders within the active economy by outlining a topology of stakeholders and a conceptual framework for the identification and classification of stakeholders. The second section then illustrates how this conceptual framework can be used to identify stakeholders within global, national and regional active economy and discuss their roles and responsibilities within them. In this section we also begin to discuss how stakeholders could be classified based upon their relative saliency (i.e., importance) within the active economy. The third and final section then focuses on the dynamics and interactions between various stakeholders within the active economy in order to understand how these interactions lead to the creation of value.

WHO ARE THE KEY STAKEHOLDERS WITHIN AN ACTIVE ECONOMY?

The neoclassical economist definition of a stakeholder is any entity that has a direct and immediate, often financial, influence over an organization. Adopting this definition for our present purposes would perhaps imply that any organization and entity that generates an economic contribution to the active economy could be labelled a stakeholder. From this perspective, an active economy can therefore be simply understood as a product of the economic sum of its constituent parts. As highlighted in the previous chapter, this is not the case. We suggest this is a narrow view on what constitutes an active economy and its adoption *apriori* would overlook or ignore a number of important stakeholders whose contribution is important to the active economy. Furthermore, we suggest it would also oversimplify the nature and extent of interactions that exists between stakeholders which collectively produce an active economy.

One of the most commonly used definitions of stakeholder is Freeman's (1984) classic definition of any group or individual that "*can affect or is affected by the achievement of an organization's objectives*" (p. 46). Johnson et al.,. (2014) further defines stakeholders as "individuals or groups that depend on the organization to fulfil their own goals and on whom, in turn, the organization depends" (p. 107). Similarly, Thompson et al. (1991) describe a stakeholder as any organization or individual who are "in relationships with an organization" (p. 209). These definitions imply a broader scope with regards to who or what might constitute stakeholders and highlights the bi-directional relationship that exists between them.

As definitions of stakeholders have evolved over time so has the increasing number of organizations and individuals who have been labelled a stakeholder (Sternberg, 1997). The inherent danger here is that everything and everyone can therefore be viewed as a potential stakeholder within an active economy. As such, there is a practical need to provide some sort of scope and boundary on this in order to be able to appropriately delineate the boundaries and scope of an active economy. For example, within the sport event management context Parent (2008) and later Parent and Smith Swann (2013) identified eight primary stakeholders of the focal organization for large-scale sporting events (i.e., the event organizing committee) ranging from sponsors and community members to government and sport organization.

These conceptual issues are reflective of the broader debate within the stakeholder literature about whether to adopt a broad or narrow view of what constitutes a stakeholder (Fassin, 2009). Which side of the debate one sits often depends upon and is reflective of particular research traditions and whether they have adopted a strategic or legal emphasis (Fassin, 2009). The former often requires a broader perspective whereas the latter is often based upon a narrow definition. They are also more generally reflective of those who seek pragmatic and practical solutions to whom or what managers of particular organizations should pay attention (Parent & Deephouse, 2007).

Hence, any attempt to define what constitutes a stakeholder within an active economy finds itself at a *conceptual impasse* and conundrum in deciding whether to adopt a narrow definition of stakeholders that identifies a small-set of organizations "based on the practical reality of limited resources, limited time and attention, and limited patience of managers for dealing with external constraints" on the one hand, versus a broader more encompassing definition formulated "on the empirical reality that companies can indeed be vitally affected by, or they can vitally affect, almost anyone" on the other (Mitchell et al., 1997, p. 857).

CONCEPTUALIZING ACTIVE ECONOMY STAKEHOLDERS

In an attempt to overcome the conceptual issues identified above, we have drawn upon several recent studies which have proposed frameworks for the identification of internal and external stakeholders (Fassin, 2009; Friedman et al., 2004; Xue & Mason, 2011). These previous studies provide a theoretical and empirical basis for developing a conceptual framework for the identification of stakeholders within the active economy. Consistent with these previous studies, we also acknowledge that any attempt to conceptualize stakeholders, is open to empirical and conceptual debate. We have therefore aligned our conception of stakeholders with Fassin (2009) not only because it works with our broad strategic perspective of stakeholders and offers a useful conceptual advancement to Freeman's seminal works, but also like Fassin, we seek a broad and pragmatic solution in order to delineate the boundaries of an active economy. In adopting this view, we define active economy stakeholders as "*any individual or organization that ha[s] an interest in, or [is] impacted by the active economy*" (Finch et al., 2019, p. 21). Not only does this definition enable us to move our understanding of the active economy beyond the neoclassical narrow definitions of stakeholders as direct, immediate and transactional shareholders, but it also recognizes stakeholders from across not-for-profit, private and public sectors (Hoye et al., 2015).

In articulating their conceptual foundation for the active economy, Finch et al. (2020) propose a typology for classifying stakeholders: *Participants*, *Administrators*, *Enablers*, *Policymakers*, *Supporters*. *Participants* are those stakeholders who take part in organized sport or active recreation. This stakeholder might be described as the 'end user' of the active economy in that they usually purchase and/or consume products or services within them. Examples include participating in yoga class or competing in a recreational basketball league. *Administrators* are those who support the development or delivery of organized sports or active recreation activity. These stakeholders may be voluntary (e.g., club administrator), work in the education sector (e.g., athletic director), or at a professional team (e.g., marketing director). Enablers are those who help others to participate in organized sport or active recreation. Examples of this type of stakeholder include coaches, referees, and personal trainers. *Policymakers* are politicians and decision-makers within governmental departments (or equivalents) that are responsible for developing, implementing, and regulating policy related to the active economy. This includes governmental agencies at all levels (local, regional, national and international) and charitable organizations that have roles and responsibilities within the active economy. *Supporters* are those who support or motivate others to participate in organized sport or active recreation experiences. Examples of this type of stakeholder include parents who register participants and take them to activities and spectators/fans who watch and consume sport and active recreation either live or through a variety of alternative engagement platforms (e.g., social media, fantasy leagues).

Finch's et al's (2020) typology provides a useful conceptual basis for the identification of stakeholders that comprise the active economy. Using this typology, it may be possible to identify key stakeholders by focusing on their role and contributions to an active economy. This approach, we suggest, is consistent and has many parallels with Freeman's original stakeholder model whereby both internal and external stakeholders and how they interact with the firm is reflected.

The principle critique of this simplified approach to identifying stakeholders is it assumes homogeneity between stakeholders and therefore does not consider the variability between stakeholder's influence, their salience and the relationships (Fassin, 2008). We recognize, like Fassin (2009: 119), that "reality is far more complex than the simplified graphical presentation provided by the model", nonetheless it offers a "valuable approximation of reality" (ibid) and therefore it does provide a useful starting point for identifying and discussing the potential stakeholders that make up the active economy. An additional area of concern that has been highlighted in the literature is that differences have also been noted within stakeholder groups which can further complicate the stakeholder network (Parent, 2008; Leopkey & Parent, 2007; Putler & Wolfe, 1999).

One potential avenue for advancing Finch et al's (2020) original typology of stakeholders within the active economy could be to incorporate additional groups (e.g., pressure groups, media) and further classify these stakeholders based upon their importance to an active economy. For example, Clarkson (1995) classifies stakeholders as primary i.e., "one without whose continuing participation the corporation cannot survive as a going concern" (p. 106) and secondary "those who influence or affect, or are influenced or affected by, the firm but they are not engaged in transactions with the firm and are not essential for its survival" (p. 107). In this sense, it could be possible to identify the primary and secondary stakeholders within an active economy by noting those that are essential for an active economy to survive and those that are non-essential. However, some researchers (i.e., Eesley & Lenox, 2006; Mitchell et al., 1997) argued that classifying secondary stakeholders as less salient would devalue the impact these stakeholders had on an organization. There have also been more recent attempts to build upon Friedman's original stakeholder model. Freeman (2004), for example proposes a revised stakeholder framework which broadens potential classifications of stakeholders and more recently Fassin's (2009) *stakeholder model theory of the firm* which augments stakeholder classification even further by identifying stakeholders, stakewatchers, and stakekeepers.

One potential avenue which we think has particular merit and offers a useful alternative approach to enable us to move beyond continued attempts to refine and add additional layers of complexity (or reality) to the original stakeholder model is a shift towards focusing on stakeholder *saliency* i.e., the extent to which stakeholders are vocal, visible and important to an active economy. Mitchell et al., (1997) argued that when identifying stakeholders and their salience, stakeholders "may or may not have legitimate claims, but may be able to affect or are affected by the firm, nonetheless, affect the interests of those who do have legitimate claims" (p. 857). As a result, Mitchell et al. (1997) proposed a normative theory of stakeholder identification and saliency. In drawing upon three social science concepts of power, legitimacy and urgency, the researchers developed an approach based upon salience, i.e., "the degree to which managers give priority to competing stakeholder claims" (p. 854). *Power* is the ability of actors to bring about outcomes they desire based upon coercive, utilitarian, and normative means (Etzioni, 1964). *Legitimacy* is the general assumption that an individual or organization's actions are desirable, proper or appropriate (Suchman, 1995). *Urgency* is the degree to which a stakeholder has time-sensitive or critical claims. Based upon the above three broad attributes (i.e., power, legitimacy, and urgency), Mitchell et al. (1997) developed a typology in order to classify the stakeholder environment into four groups: *Non-Stakeholders* (no attributes), *Latent Stakeholders* (one attribute, low importance), *Expectant Stakeholders* (two or more attributes, medium importance), and *Definitive Stakeholders* (three attributes, high important). From the identification of these groupings Mitchell et al. (1997) propose seven stakeholder types (see Table 1).

Table 1. Mitchell et al., (1997) Typology of stakeholders

Latent Stakeholders
1. *Dormant Stakeholders*: Possess power to impose their will but have little or no interaction /involvement as they lack legitimacy or urgency.
2. *Discretionary Stakeholders*: Possess legitimacy but no power. No pressure on managers to engage with this group.
3. *Demanding Stakeholders*: Those with urgent claims, but no legitimacy or power. Demanding and irritating for management.
Expectant Stakeholders
4. *Dominant Stakeholders*: Viewed by many as the only stakeholders of an organization or project. These stakeholders should matter to management
5. *Dependent Stakeholders*: Stakeholders who are dependent on others to carry out their will because they lack the power to enforce.
6. *Dangerous Stakeholders*: Those with powerful and urgent claims will be coercive and possibly violent.
Definitive Stakeholders
7. *Definitive Stakeholders*: An expectant stakeholder who gains the relevant missing attribute.
Non-Stakeholders
8. Non-stakeholder: Stakeholders with no attributes

Adapted from: Mitchell et al. (1997)

There are many examples of studies that have applied Mitchell et al's (1997) framework to identify the saliency of stakeholders to specific sporting contexts (e.g., Anagnostopoulos, 2011; Friedman et al., 2004; Friedman & Mason, 2004; Parent & Deephouse, 2007; Xue & Mason, 2011). We focus specifically on sport related studies here only because of the authors' own interests in this domain, but there are equally comparable examples that can be drawn from other related disciplines.

Friedman and Mason (2004) utilized Mitchell et al's (1997) framework to explain stakeholder involvement and salience in the decisions surrounding public subsidies and the construction of major sport league franchises. Their analysis reveals how identifying stakeholders early on in the policy-making process will reduce the likelihood of unwanted political outcomes/ decision-making. Similarly, Xue and Mason (2011) applied Mitchell et al's framework to map the saliency of stakeholders surrounding the Formula 1 Shanghai event. Of particular note here were the researchers' attempt to trace stakeholder salience surrounding the event longitudinally through different time periods to a understand changing dynamics and stakeholder interest over time. Parent and Deephouse (2007) examined stakeholder salience through a multi-method, comparative case study within organizing committees of major events. The authors found that most stakeholders were definitive, dominant or dormant and identified power as the most important attribute to stakeholder salience. Furthermore, Parent and Deephouse noted that because only three of the eight stakeholder types were present, their findings indicated that "stakeholder types may be more limited in practice than in theory" (2007, p. 18). Anagnostopoulous (2011) also applied the framework to examine the Greek professional soccer (football) clubs to help managers identify and prioritize stakeholders.

Other scholars have focused on the application and development of the framework on a more conceptual basis. Friedman et al. (2004) argue that stakeholder theory in general and Mitchell et al.,'s (1997) framework in particular have descriptive and prescriptive value for practitioners and academics within sport and sport-related disciplines. They demonstrate how stakeholder theory can be utilized for issues management within sport organizations and suggest that classifying stakeholders on the bases of power, legitimacy and urgency enables sport managers to more effectively allocate resources. More recent research has sought to examine stakeholder perspectives on changes to stakeholder saliency. Huml et al.,. (2018) explored the perceptions of Division II college coaches and their responses to National Collegiate Athletics Association (NCAA) changes. Their study also extends Mitchel et al's framework by proposing the importance of equity in identifying stakeholder salience.

Collectively, these studies demonstrate the general utility of stakeholder theory and Mitchell and colleagues' framework specifically in being able to identify stakeholders across a variety of settings and levels of analysis. Furthermore, although beyond the scope of the present chapter, these studies also identify several methodological approaches that could be used to identify key stakeholders. These studies therefore offer a potential starting point for empirically identifying stakeholders within the active economy.

A Framework for Identifying Stakeholders Within an Active Economy

This next section builds upon Mitchell et al.'s (1997) stakeholder framework identified above to propose potential criteria for the evaluation of stakeholders within the active economy based on stakeholder salience attributes of power, urgency and legitimacy. In doing so, we not only identify some of the key stakeholders that typically operate within global, national and regional the active economy and discuss their roles and responsibilities within them, but we also begin to assess their relative saliency (i.e., their relative importance).

Before we proceed, however, it is necessary to qualify our analysis with two important caveats. First, we acknowledge that determining stakeholder salience is both time and context dependent. It is for this reason that previous research that has applied Mitchell et al.'s (1997) framework have often done so to examine particular issues or events. Like Mitchell et al., (1997) and consistent with viewing the active economy as 'open-systems' (Scott & Davis, 2015), we recognize that the active economy and the stakeholders within them are not static entities but rather are constantly evolving and changing. Therefore, any attempt to identify stakeholders and their relative saliency whilst "heuristically useful if the intent is to raise consciousness about 'Who or What Really Counts'" (Mitchell et al., 1997, p. 879), will depend upon the specific context in question.

Second, we acknowledge that our attempt to classify stakeholder salience within the active economy below is largely based upon our own subjective judgement rather than empirical data. It should therefore be apparent that it is our intention to empirically identify and assess the relative salience of all stakeholders across the active economy. Rather through the application of Mitchell et al., framework, we seek to demonstrate how this might be achieved and to identify specific case study examples of stakeholders drawn from the across the sectors identified by the active economy stakeholder typology discussed previously. We hope that future research might be able to begin to empirically map out the active economy in a more scientific and rigorous manner. As such, we seek to provide a conceptual foundation for future empirical research in order to demonstrate more precisely the contribution of the active economy to society in general and to be able to identify particular contributions of stakeholders more effectively within them.

Identifying Active Economy Stakeholders - Local, Regional and Global

Applying Mitchell et al.'s (1997) stakeholder typology, the salience of stakeholders within the active economy can be categorized into four types: definitive, expectant, latent and non-stakeholders. As noted above, stakeholder salience is subjective and contextual, as well as dependent upon the location of the central organization relative to various stakeholder groups. To illustrate this, this section focuses on one sector within the active economy, the organized sport sector, to demonstrate how salience differs between stakeholder groups.

Due to their position as central funders, regulators and decision makers for the provision of sport globally, international sport federations hold power, legitimacy and urgency within the organized sport sector of the active economy. The possession of each of these attributes gives organizations such as Fédération Internationale de Football Association (FIFA), *Fédération Internationale de Basketball* (FIBA), and the International Olympic Committee (IOC) as well as large single market leagues such as the National Football League in the United States a high level of salience as definitive stakeholders. Generally, as the keepers of the rules and regulations of given sports these organizations are seen as the legitimate custodians of the sport. Supporting this legitimacy, international federations possess substantive resources to fund and regulate (i.e., power), and the rights to timebound live sport events which give them a continued sense of urgency.

Stakeholders shift from definitive to expectant when any one attribute of power, legitimacy, or urgency is diminished. For example, power is eroded depending on where in the federated system a sport governing body or association operates. Consequently, whilst international federations are definitive stakeholders globally, the power base is slowly eroded for regional, national, state and local sport associations in the organized sport sector. Lacking power, these organizations shift to dependent stakeholders on a global scale, whilst retaining power within their geographies of influence. That is to say, a local football federation remains a definitive stakeholder in the local community, whilst at the same time a dependent stakeholder at the national level. When national sport organizations operate under business as usual (i.e., lack urgency), but simultaneously maintain control over rules, regulations and resourcing for a given sport (i.e., power and legitimacy) they are considered dominant stakeholders. Dominant stakeholders in a given geography include national sport governing bodies, professional leagues, teams, and government funding bodies. The final group of expectant stakeholders are ‘dangerous’ stakeholders, lacking legitimacy but maintaining power and urgency. We understand the defining aspect of this stakeholder group to be the absence of adherence to rules and norms that are generally considered desirable or proper. Actors who delegitimize sport are generally considered via actions around doping, corruption, violence and cheating. In this sense the delineation between individuals and organizations is difficult to make, however dangerous stakeholders can be seen as ambush marketers; illegal betting organizations; State sponsored team and individual cases of doping; and even some sponsorship categories such as tobacco and gambling, whose saliency as a stakeholder has diminished as social norms toward their products and services have changed.

The final substantive category of stakeholders possesses only one attribute of power, legitimacy or urgency and are considered latent stakeholders. For the organized sport sector, dormant stakeholders can include politicians and key influencers who possess power but are not directly involved within the organized sport system. Arguably politicians are dormant stakeholders outside of their respective election cycles in which they leverage their power to impose their will on the sporting landscape for political purposes. Fans, who lack decision-making power (i.e., not voting members) can be considered discretionary stakeholders. The financial investment of purchasing a membership, coupled with voting rights for key decisions (or decision makers) shifts fans from a discretionary stakeholder group, to members who would be considered a dominant stakeholder group. Demanding stakeholders make up the final stakeholder group and can be broadly considered as shock-jocks, media personalities and public commentators. Generally, this group of individuals are separated from advocates (e.g., environment, equity, pay) as their claims are urgent, but they lack an inherent legitimacy in their messaging. Lastly, it is important to consider that there are a range of organizations and individuals who are non-stakeholders. They do not possess any power, urgency or hold legitimate claims toward the organization and thus form the boundary conditions of whom should be considered by managers.

Within the active economy the salience of stakeholders varies by sector. An international sport federation is a definitive stakeholder in the organized sport sector, whilst only a discretionary stakeholder in the health and wellness sector. Discretionary stakeholders in one sector, may be dominant in another. What is clear, is that managers need to be able to identify and understand how to engage with a wide variety of stakeholders across the active economy.

HOW TO ENGAGE STAKEHOLDERS WITHIN AN ACTIVE ECONOMY?

Up to this point, we have primarily focused our discussion on how to identify active economy stakeholders. In addition to the identification of key stakeholders and the structural boundaries of an active economy i.e., '*who or what really counts*' and '*who should we pay attention*' (Freeman, 1984), it is equally as important to understand the interaction and dynamics (i.e., processes) that exist between the individuals and organizations that have an interest in or are influenced by an active economy. In this sense, we now turn our attention away from the 'stakeholder-manager relationship' (Mitchell et al., 1997) to the 'stakeholder-stakeholder' relationship. As highlighted previously, an active economy can be understood and characterized as a complex *ecosystem* of direct and indirect interactions which collectively contribute to the creation of value. By ecosystem we refer to "the alignment structure of the multilateral set of partners that need to interact in order for a focal value proposition to materialize" (Adner, 2016, p. 42). The remainder of the chapter explores further the alignment and interactions between stakeholders within and across an active economy in order to demonstrate how they produce value.

Interdependencies knit together the vast sectors and stakeholders that make up an active economy. These interdependencies can be thought of as relationships based on a range of variables from pure financial relationships (e.g., direct sponsorship), to sharing of resources (e.g., multi-use facilities) and sharing of knowledge (e.g., industry conferences and committees, best practices). In other words, to achieve any activity of size within the active economy an organization is dependent on a number of relationships with other stakeholder groups. A recreation facility requires ticketing and legal services, an active consumer requires apparel and equipment, media providers require sports broadcasts, who themselves require arenas, and on it goes building into a significant active ecosystem in which each stakeholder is co-dependent both directly and indirectly on a myriad of other stakeholders. After a manager has identified relevant stakeholder groups, the challenge then becomes how to engage and manage relationships with these stakeholders.

To better understand how interorganizational relationships develop, Oliver (1997) outlined six determinants of relationship formation: necessity, asymmetry, reciprocity, efficiency, stability, and legitimacy. *Necessity* occurs when an organization 'establishes linkages or exchanges with other organizations in order to meet necessary legal or regulatory requirements' (Oliver, 1991, p. 243). Implicit within the formation of active recreation facilities a range of organizations will be involved from legal teams, to design and infrastructure specialists, urban planners for active transport and a range of sport and physical activity tenants for the daily operations. *Asymmetry* refers to relationships that are 'prompted by the potential to exercise power or control over another organization or its resources' (Oliver, 1991, p. 243). Relating to the above identification of stakeholders with power, national and international sport governing bodies may choose forms of networked governance and decision making in order to exert influence over the 'rules governing exchange', 'coerce' and narrow the 'decision-making latitude and discretion' within a given federated sport structure. *Reciprocity* refers to relationships that 'emphasize cooperation, collaboration, and coordination among organizations, rather than domination, power, and control' (Oliver, 1991, p. 244). Most professional sport leagues globally rely on a degree of cooperation in order to maintain a competitive balance, reciprocity within these relationships dictates the legitimization of anti-competitive regulatory features such as draft and salary caps concessions. Yet another determinant for an organization to enter into an IOR is *efficiency*, that is, 'to improve its internal input/output ratio [via] increases in return on assets, reductions in unit costs, waste, downtime, or cost per patient or client' (Oliver, 1991, p. 245). It is efficient for an active recreation facility to purchase an off the shelf ticket system and pay the license fees to another organization who can provide ongoing service support, rather than develop such a system internally at a higher cost. *Stability*, or predictability, can prompt the formation of IORs as 'an adaptive response to environmental uncertainty' (Oliver, 1991, p. 246). For example, a number of professional teams are forming IORs with local government and private operators to manage active recreation facilities. Doing so reduces the uncertainty of revenue streams for professional teams whose financial performance is often strongly correlated with on-field performance. Conversely, by selecting a long-term management partner, active recreation facilities utilize their scarce resources effectively. The final prompt that can determine the establishment of an IOR is to increase *legitimacy* which may help an organization 'demonstrate or improve its reputation, image, prestige, or congruence with prevailing norms in its institutional environment' (Oliver, 1991, p. 246). For example, a number of sport organizations are turning to environmental initiatives in order to be seen as good corporate citizens and align with expectations of society (Trendafilova et al., 2013).

Understanding what determines IORs helps managers scope how and why to engage in relationships within the active economy. Critical to the choice of how to engage in partnerships, is the question why are you engaging in such partnerships in the first place. If the determinant of the IOR is efficiency or reciprocity based, then the nature of the relationship is likely to be transactional. One organization can benefit from the product or service offered by another; thus, it is therefore in the mutual interest of these organizations to pursue such a relationship. Conversely, if the nature of the relationship is based on more tacit notions of power (e.g., asymmetry, stability) or legitimacy, then the identification of stakeholders with these attributes (as outlined above) is central to forming and maintaining such relationships.

Once the determinants of an interorganizational relationship have been scoped, the ability for an organization to leverage such relationships becomes paramount. Adopting management parlance, can IORs be utilized to form a competitive advantage, not for the single organizational unit, but rather from the IOR itself – an *interorganizational competitive advantage.* Dyer and Singh (1998) identify that interorganizational competitive advantage (here after competitive advantage) can be formed on the basis of four sources linked to the above determinants:

- Relation-specific assets (i.e., the number and longevity of specialized assets derived from the relationship),
- Knowledge sharing routines (i.e., the level of investment in, and transparency of knowledge sharing between organizations),
- Effective governance (i.e., the ability to develop trust via informal mechanisms and minimize the need for third party enforcement of regulation),
- Complementary resources/capabilities (i.e., the ability to leverage compatible existing resources to generate valuable, rare, and inimitable resources).

Interorganizational competitive advantage is particularly relevant for the active economy given the high density of stakeholders and need to work collaboratively to address substantive problems. Especially, when the organizations must do so with scarce resources and often a non-profit orientation, and the general co-creation bases for much of the active economy's products and services. For example, major events rely on fan atmosphere to boost their product appearance and attendance (e.g., fan noise, atmosphere). Increased fan attendance adds value to the broadcast quality and thus the broadcast rights that national sport organizations are able to accrue. Whilst the attraction of fans to sporting events by tour operators does provide an experience, the specific attraction of parochial fans offers a relation-specific asset that no single organization can provide in isolation (Kennelly & Toohey, 2014). For example, the attraction of the Australian “Fanatics”, the English “Barmy Army” or the New Zealand “Beige Brigade” add a level of parochial fan interest, noise and atmosphere that improves the sport product. An interorganizational competitive advantage is formed via the combination of specific assets from organized sport, sport stadia and tour operators.

The Olympic movement has developed interorganizational competitive advantage into an artform. One particular source of competitive advantage is the International Olympic Committee’s ability to codify knowledge sharing routines into bid processes, bid books, and major event implementation documentation. Such documentation enables stakeholders from across the expanse of the active economy to coalesce around a single incredibly complex event, with incredible frequencies. The codification of such routines enables the summer, winter, and youth Olympic and Paralympic games to roll on with incredible efficiency and to a level of major event production unapparelled in the active economy. In a similar, albeit less tangible way, sport has been able to develop a distinct form of effective governance via a network of national and international regulative and quasi-legislative bodies such as the Court of Arbitration for Sport, the World Anti-Doping Authority, and various national and regional governance branches to support the strong normative foundations underpinning much of sport and the active economy’s legitimacy (Chappelet, 2018). The competitive advantage this offers sport is much more tacit than in pure product and service terminology, but no less important. Legitimacy and the taken-for-granted assumptions that sport has the right to self-govern, via demonstrable ‘effective’ governance has shielded a subset of activities from typical legislative oversight that applies to non-sport activities (e.g., the acceptance of on-field violence without criminal sanction; the loss of employment or income from taking a substance allowed in everyday life but banned in sport). Such norms are so heavily ingrained in modern society, that when compliance with the laws of the land are enforced (e.g., the Bosman ruling) they have substantive impacts on the sporting landscape.

CASE STUDY

Strava – Forming a Competitive Advantage by Linking Active Economy Stakeholders

Background

Strava was founded by Mark Gainey and Michael Horvath in 2009 and was developed around building a community for technology-oriented and data-centric cyclists. The company's primary service is a digital application that can be downloaded onto a smartphone device. At its core, the Strava application tracks, captures and analyzes GPS data from individuals whilst they exercise. Data is then able to be shared with an online community of individuals in a similar modality to Facebook. Strava leverages the integration of GPS capabilities into mobile phones, watches and trackers and builds on the quantified self-movement in the active economy in which even recreational athletes wish to track their ride or run, relative to other people completing the same circuit or segment. Much in the same way as a sport competition or video game would have a leaderboard, Strava enables a community of otherwise socially disconnected individuals, to develop community around a shared experience of cycling a mountain stage or a particular segment of running track. Within the community this developed a sense of comradery and friendly competition amongst and enabled individuals to tell their story as an athlete, regardless of their level.

Platform Strategy in the Active Economy

Inter-organizational competitive advantages can be formed in a number of ways. Above, we have described inter-organizational relationships as an explicit way to develop our understanding of explicit relationship types such as strategic partnerships or alliances. More recent literature has investigated how the same types of competitive advantages can be formed more organically by adopting a platform strategy (Van Alstyne, Parker, & Choudary, 2016). Platform strategies leverage relation specific capabilities by bringing together producers and consumers on a common, shared platform. Think Uber, Airbnb, or Strava, all these companies created communities of members that utilized their own resources (e.g., their car, house, or running/cycling tracks) to develop a platform that has value to a specific consumer need or needs (e.g., transport, accommodation, fitness). Unlike traditional strategic approaches where the competitive advantage is derived from a physical good (e.g., a pair of sneakers) or service (e.g., watching a game) within a single organization. The value, or inter-organizational competitive advantage is derived from the ecosystem that is created between stakeholders.

Stakeholder Identification

Strava, like many companies born out of Silicon Valley. adopted a consumer centric view to stakeholder identification. Possessing legitimacy, power and urgency, data-centric cyclists were the definitive stakeholder (consumer) group early in the company's development. Avid-cyclists were seen as legitimate as their form of physical activity was appropriate for the application of GPS technology, and data and technology were embedded in the normative foundations of the sport, unlike many team sports. Avid cyclists possessed multiple forms of power. In a utilitarian sense, this community had purchasing power to buy expensive bicycles and technology applications such as early GPS trackers (e.g., Garmin). Coercive power developed from their investment in, and testing of technology solutions to training, their recommendations were seen as legitimate and therefore likely to be taken on board. The cycling community that formed helped develop normative power in that avid-cyclists strong personal identification as 'cyclists' meant that other cyclists associated their actions with underpinning norms and values of what it meant to be a 'serious' cyclist. Like many companies, Strava had found their definitive stakeholder group, or what marketers would often refer to as their 'early-adopters', the recipe that was developed here would later be replicated in other contexts from running to diverse sports as kitesurfing and yoga.

Once Strava had identified its definitive stakeholder group, consumers, it knew who it was 'talking to'. Clarity regarding a target consumer did not however negate the need to conduct a broader stakeholder identification and analysis. Strava's business model essentially relies on collecting and displaying personal GPS data, regulators have powerful and legitimate claims to ensure such data is protected, and whilst not necessarily urgent, require attention and diligence in the design and planning phase to ensure individual data protection. Employees are dependent on the success of the company, yet the ultimate power often lies in the senior management teams. Whilst competitors can be considered as dangerous stakeholders, that compete for access to consumers, such as Nike and Apple, who enter into the market without necessarily the historical legitimacy of a company founded around this service domain.

Developing a Competitive Advantage from Stakeholder Relationships

The platform strategic approach extends beyond the notion of explicit inter-organizational relationships and competitive advantages, by developing the ecosystem infrastructure to support such relationships organically. The value is in the community relations that occur on that platform, rather than in the specific intellectual property developed in a relationship between Company A and Company B. For platform companies such as Strava their 'chief assets are information and interactions, which together are also the source of the value they create and their competitive advantage" (Van Alstyne et al., 2016, p. 56). As the competitive advantage for Strava lies in the interactions of its community, the business model and competitive position can prove enduring. This is because despite the technology, essentially GPS linked to an app, is relatively straightforward to replicate (for example Nike+ and Garmin have existed for longer with arguably more financial and technical resources and expertise than Strava), it is the community interactions and information sharing at scale that is almost impossible to emulate.

As of 2020, Strava has 50 million users globally and is increasing by around one million users per month. The success of the application has meant the wide-ranging adoption of Strava by users throughout the active economy. From casual cyclists, swimmers and joggers, through to world class athletes and a range of physical activities in between. Strava or similar movement trackers are also being installed into stadia around the world for real-time analysis and media capture of professional sport leagues (e.g., pass length, running patterns, sprint speed). Strava also links to a range of nutritional and wellbeing organizations and can interface with a number of applications that directly measure your physical and mental health. Such approaches build on the notion of a 'quantified self' in which Lupton (2016) identifies many individuals becoming forms of 'new hybrid beings' via their adoption of self-tracking technologies. For urban planners, Strava can provide a road map for active transport usage by compiling data on a range of routes and analyzing usage patterns.

What is clear from the diverse usage of a relatively straightforward technology, is that Strava has built a sustainable and envious competitive position within the active economy by developing a community ecosystem amongst stakeholders which is incredibly difficult to emulate. Stretching across the active economy from infrastructure to health and a range of physical activities in between, Strava has demonstrated how identifying and developing relationships between stakeholders can produce substantive systems of value.

CONCLUSION

This chapter was purposely divided into three sections focusing on the conceptualization, identification and the dynamic interactions of stakeholders in the active economy. In doing so we provided an overview of Mitchell et al.'s (1997) conceptual framework on stakeholder saliency and then discussed how it may be possible to conceptualize stakeholders within the active economy by outlining a topology of stakeholders and a conceptual framework for the identification and classification of stakeholders based on their saliency. We then illustrated how this conceptual framework can be used to identify stakeholders within global, national and regional active economy and provided examples of their roles and responsibilities within them. Finally, we turned our focus on the dynamics and interactions between various stakeholders within the active economy in order to understand how these interactions lead to the creation of value.

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